

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
whether there has been a violation
of the Securities Act of Washington by:

SIGNATURE MEDIA SERVICES, INC., GREAT
LIFE NETWORK, INC., MARK B. BEEKSMA, and
ERIK R. VAN ALSTINE,

Respondents.

SDO - 53 - 00

CONSENT ORDER TO CEASE AND DESIST,
REVOKING EXEMPTIONS, IMPOSING FINES,
ORDERING AFFIRMATIVE RELIEF, AND
VACATING SUMMARY ORDER SDO 39 - 00

Case No. 99 - 05 - 174

THE STATE OF WASHINGTON TO: SIGNATURE MEDIA SERVICES, INC.,
GREAT LIFE NETWORK, INC.
MARK B. BEEKSMA, and
ERIK R. VAN ALSTINE.

Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the Department of Financial Institutions, State of Washington, and Respondents Signature Media Services, Inc., Great Life Network, Inc., Mark B. Beeksma, and Erik Van Alstine, do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondents admit to the Findings of Fact and Conclusions of Law stated below. Respondents wish to obtain final disposition of this matter without invoking any rights to a hearing before the Securities Division.

FINDINGS OF FACT

I. Respondents

1. Signature Media Services, Inc. (SMS) is an inactive Washington for-profit corporation. SMS did business at 1142 Broadway Plaza, Suite 100, Tacoma, Washington 98402. When active, SMS provided integrated marketing, communications, and personal development services for the direct sales industry, property management industry, and retail consumers. SMS registered and did business under the trade name Incite.

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2. Great Life Network, Inc. (GLN), formerly Incite.com, Inc., is an active Washington for-profit corporation with its principal place of business at 318 South Seventh Street, Tacoma, Washington 98402. GLN is primarily an Internet publisher and retailer promoting productive achievement and principle-centered living. GLN has registered the trade name Incite.com, but does business on the Internet using the domain name GreatLifeNetwork.com.

3. Mark Bradley Beeksma (Beeksma) is currently the President, Secretary, and a Director of GLN, and was the President, Secretary, and a Director of SMS when it was operating. Respondent Beeksma is married to Diane L. Beeksma, and all acts done by him were done on behalf of the marital community. The Beeksmas reside at 9102 Lake Steilacoom Point Road SW, Tacoma, and own approximately 36% of SMS and 42% of GLN.

4. Erik Robert Van Alstine (Van Alstine) is currently the Chief Executive Officer, Chairman of the Board of Directors, and a Director of GLN. Van Alstine was the Chief Executive Officer, Chairman of the Board of Directors, and a Director of SMS when it was operating. Respondent Van Alstine is married to Sandra D. Van Alstine, and all acts done by him were done on behalf of the marital community. The Van Alstines reside at 16808 132nd Avenue East, Puyallup, and own approximately 30% of SMS and 36% of GLN.

II. Signature Media's Unregistered Offers and Sales of Securities

5. In 1990 Erik and Sandra Van Alstine founded Resident Services, the predecessor to SMS. The company was a sole proprietorship providing printing services to residential apartment communities. In 1994 Mark and Diane Beeksma joined the business, and on November 30, 1994, the two couples incorporated the firm as Signature Media Services, Inc.

6. Starting in 1995 SMS offered and sold to company insiders unregistered securities in the form of stock in SMS. In 1996 SMS initiated an employee stock purchase program offering, issuing, and selling to employees unregistered securities in the form of shares of stock in SMS. In 1997 SMS made its first offers and sales of stock to outsiders. Sales were made to both accredited and non-accredited investors inside and outside of Washington State. From October, 1997 through April, 1998, SMS raised more than \$725,000 from the offer and sale of SMS stock. Though there was no market for the stock, nor any market-maker involved in the unregistered offering, SMS raised

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1 the share price approximately \$.25 cents a share every two weeks. The stock price rose from \$7.75 in August, 1997 to
2 \$17.00 in October, 1998.

3 7. On or about May 18, 1998, SMS mailed a letter signed by Beeksma to existing and potential investors
4 advising them that SMS would have to register its stock with the State of Washington, and that sales of stock would
5 have to stop between June 1 and July 9, 1998. Beeksma indicated that the share price would likely be higher at the
6 end of the no-sale period, and that SMS would like potential investors to invest before the end of May. In part as a
7 result of this solicitation, SMS raised more than \$100,000 between May 21 and May 31, 1998.

8 8. During and after the SMS-declared "no sales" period, Beeksma, as President of SMS, sold securities to
9 investors in the form of promissory notes. The notes were due on demand and carried an interest rate of around 36.50
10 % annually. SMS raised more than \$100,000 in this manner. Some promissory notes sold during the "no sales" period
11 were subsequently converted to stock purchases.

12 9. The offer and sale of unregistered SMS securities were accomplished primarily through word of mouth.
13 However, investor update letters soliciting referrals, promoting the stock, and projecting returns for SMS were
14 distributed to existing and potential investors. Complete disclosures of the risks associated with the investment were
15 not provided to any actual or potential investor in the written materials.

16 10. Though the May 18 letter implied that sales could resume after July 9, 1998, the Securities Division did
17 not receive any registration or application for exemption from SMS to sell securities until August.

18 **III. Signature Media's Rescission Offer**

19 11. On August 19, 1998, the Securities Division received an application from SMS to register a rescission
20 offering. SMS proposed to offer rescission to every purchaser of unregistered shares of SMS stock, hoping to avoid
21 potential legal liability under RCW 21.20.430(4)(b) for its unregistered offers and sales. The Securities Division
22 issued a permit for the rescission offering on September 9, 1998, and assigned the file number Q-03700. The permit
23 was valid from September 9, 1998 to September 9, 1999. SMS was to send the offering circular to all existing
24 shareholders. No other information could be sent to the shareholders unless it was first submitted to the Securities
25 Division for review.

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12. In addition to sending existing SMS shareholders the offering circular, SMS mailed the shareholders two letters, one just before, and one just after, mailing the offering circular. The first letter, dated August 24, 1998 and signed by Beeksma, provided 1998-99 sales projections and predicted profitability in the near future, claiming that SMS would net \$1 million in 1999. Beeksma also warned the shareholders of the forth coming offering circular, describing it as a "worst case scenario legal document" that was not an economic recommendation of whether or not investors should invest in SMS.

13. The second letter, dated September 16, 1998 and signed by both Beeksma and Van Alstine, featured an article about SMS that appeared in the Tacoma News Tribune. The article quotes Van Alstine discussing the growth rate of the company, claimed to be averaging 30% per quarter since 1994, and predicted growth in sales from \$4 million to \$12 million in the next year. The letter accompanying the article reminded shareholders of the great investment opportunity they had had with SMS, and expressed the hope that the article motivated them to stay with SMS.

14. Both letters were used in connection with the sale and promotion of the registered rescission offering. Neither letter was submitted to the Securities Division for review prior to mailing. Both letters were inconsistent with the offering circular and failed to disclose any of the risk factors required by the Securities Division and disclosed in the offering circular.

15. On or about September 11, 1998, SMS mailed the rescission offering circular to all of the existing SMS shareholders, and included a form for shareholders to accept or reject the offer to rescind their stock purchase. If a shareholder elected to rescind, SMS promised to repay, within 30 days of receipt of the election, the shareholder's principal plus 8% interest from the date of purchase. The rescission offer was based on, and disclosed, Signature Media's illegal sale of unregistered stock, the illegal employee stock purchase program, and the illegal failure to provide disclosure materials to investors. The offering circular included a required audited financial statement that disclosed approximately \$200,000 in liability for "notes payable," but did not otherwise disclose the company's sale of the unregistered promissory notes.

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16. Of the 94 shareholders who received the rescission offering, nine requested return of their investment. Of the nine, three were employee insiders and six were outsiders. The three employee insiders were paid off, in full, within a month of the date payment was due them. Of the six outsiders, one was paid off, in full, before her payment was due. The other five, all outsiders, were not paid until March 2000, more than a year after SMS promised to pay them.

IV. Signature Media's Rule 505 Offer

17. In November 1998, SMS filed a Form D Notice of Sale of Securities with the Securities Division to sell stock to investors pursuant to the Securities Act of 1933, Regulation D, Rule 505 and WAC 460-44A-505. The Notice of Sale was received and became effective on Monday, November 16, 1998, and was assigned the file number E-23192. SMS was required to file its Rule 505 Notice of Sale of Securities no later than 15 days after the first sale of securities in the offering. The earliest date on which SMS could legally sell under the Rule 505 offering was therefore Friday, October 30, 1998. All offers and/or sales of SMS stock and securities made in connection with the Rule 505 offering prior to that date were unregistered.

18. Like the offering circular for the rescission offering, the Rule 505 offering circular described Signature Media's illegal sale of unregistered stock, the illegal employee stock purchase program, and the illegal failure to provide disclosure materials to investors. The offering circular described the rescission offering, and stated that the first priority for use of the proceeds from the Rule 505 offering would be to pay the shareholders that requested the return of their investment under the rescission offering.

19. The Rule 505 offering circular is dated October 21, 1998. By that date, SMS had already missed the deadline for payment to three of the nine SMS shareholders that had accepted the rescission offer. That fact was not disclosed in the offering circular. The offering circular failed to disclose the potential liability for the letters mailed to SMS shareholders during the rescission offering. The offering circular discloses approximately \$200,000 in liability for "notes payable," but did not otherwise disclose the company's sale of unregistered promissory notes.

20. The first three outsider-shareholders to accept the rescission offer did so on September 15, 1998. Under the terms of the offer, they were to be paid on or about October 20, 1998. Though SMS raised more than \$300,000 in

1 the first three months of the offering, they were not paid until March 2000. When they were paid, they were paid
2 from Beeksma's personal trust account, not from the proceeds of the Rule 505 offer.

3 21. SMS claimed in a letter from counsel accompanying its Notice of Sale that the first sales under the Rule
4 505 offering were made October 30, 1998. Sales under the Rule 505 offering actually began in early September.
5 SMS raised more than \$150,000 in promissory note and stock sales during the "no sales" period. The offering
6 circular does not disclose the sale of securities more than 15 days before the Rule 505 filing with the Securities
7 Division.

8 22. Rule 505 provides an exemption from registration for certain limited offerings. Under the terms of the
9 Rule 505 exemption, SMS could only sell to accredited or "sophisticated" non-accredited investors. A
10 "sophisticated" non-accredited investor means an investor who "has such knowledge and experience in financial and
11 business matters that [he or she is] capable of evaluating the merits and risks of the prospective investment, or the
12 issuer reasonably believes immediately prior to making any sale that such purchaser comes within this description."
13 SMS made sales under the Rule 505 exemption to non-accredited investors who did not meet the definition of
14 "sophisticated" investors, and for whom the investment in SMS was entirely unsuitable. Issuers selling to non-
15 accredited investors under Rule 505 also must provide certain offering materials to the potential investor a reasonable
16 time before the sale. SMS failed to provide the investor questionnaire and subscription agreement to some non-
17 accredited investors until after the sale of SMS stock.

18 23. The Rule 505 offering circular disclosed that some of the proceeds of the offering would be used to start
19 a new division of SMS called Incite. The offering circular stated that Incite was to be a personal development and
20 educational program designed to inspire and promote greatness in individuals. In describing the new division, the
21 offering circular claims that "The Company," SMS, initially conceived the idea and had assembled the products and
22 services to be offered for sale. SMS planned to "launch" Incite in the fourth quarter of 1998, and it was projected to
23 generate \$11 million in revenue for SMS within the next three years. SMS had registered the trade name Incite with
24 the Department of Licensing on or about October 28, 1997.

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1 24. On February 3, 1999, Beeksma wrote to a shareholder stating that SMS was relying on new investors to
2 finance the creation of the new SMS Internet website, Incite.net. On or about Friday, March 5, 1999, Van Alstine
3 wrote a letter announcing the “initial phase of the Incite website.” On May 21, 1999, Beeksma and Van Alstine
4 incorporated Incite.com, Inc., as an independent corporation. On June 1, 1999, Incite.com, Inc. filed a trade
5 name registration with the Department of Licensing for the name Incite.com. On August 5, 1999,
6 Incite.com, Inc. filed a Certificate of Amendment with the Secretary of State changing its name to Great
7 Life Network, Inc.

8 **V. Great Life Network’s Rule 506 Offer**

9 25. In September, 1999, GLN filed a Form D Notice of Sale of Securities with the Securities Division to sell
10 stock to investors pursuant to the Securities Act of 1933, Regulation D, Rule 506 and WAC 460-44A-506. The
11 Notice of Sale was received and became effective on Monday, September 13, 1999, and was assigned file number
12 E-24382. GLN was required to file its Rule 506 Notice of Sale of Securities no later than 15 days after the first sale
13 of securities in the offering. The earliest date on which GLN could legally sell under the Rule 506 offering was
14 therefore Friday, August 27, 1999.

15 26. GLN’s Rule 506 offering circular claims that Erik Van Alstine guided Signature Media to an average
16 four-year sales growth of 130% and 1998 sales of \$2.4 million. The offering circular claims that Mark Beeksma
17 joined Van Alstine at Signature Media, and that together they successfully built Signature Media until leaving it to
18 form Great Life Network. The offering circular does not disclose that SMS never made a profit, left employees,
19 creditors, and suppliers unpaid, and never paid the shareholders who accepted rescission under the Rule 505 offering.
20 The offering circular fails to disclose the prior registered and unregistered offers and sales of securities by SMS,
21 Beeksma, and Van Alstine, and fails to disclose the potential liability of Van Alstine and Beeksma for those offerings.

22 27. Sales of GLN stock actually began prior to the August 27, 1998 start date. The offering circular does not
23 disclose the sale of securities more than 15 days before the Rule 506 filing with the Securities Division.

24
25 Based upon the above Findings of Fact, the following Conclusions of Law are made:

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CONCLUSIONS OF LAW

Offer and Sale of Securities

The offer and/or sale of SMS stock and promissory notes and GLN stock as described above constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12).

Violation of RCW 21.20.140

The offer and/or sale of securities by Respondents Signature Media Services, Inc., Great Life Network, Inc., Mark B. Beeksma, and Erik R. Van Alstine violated RCW 21.20.140 because the offers and sales were not registered in Washington.

Violation of RCW21.20.010

Respondents Signature Media Services, Inc., Great Life Network, Inc., Mark B. Beeksma, and Erik R. Van Alstine have each violated RCW 21.20.010 (2) in connection with the offer and/or sale of securities by omitting facts necessary in order to make their statements, in light of the circumstances in which they were made, not misleading. Respondents Signature Media Services, Inc., Mark B. Beeksma, and Erik R. Van Alstine have each violated RCW 21.20.010 (3) in connection with the offer and/or sale of securities by failing to pay, in the time period allowed under the rescission permit and specified in the Rule 505 offer, five of the nine SMS shareholders who accepted rescission.

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The Securities Division and Respondents Signature Media Services, Inc., Great Life Network, Inc., Mark B. Beeksma, and Erik R. Van Alstine have agreed upon a basis for the resolution of the matters alleged above. Respondents agree to the entry of this Order pursuant to the Securities Act of Washington and acknowledge the Securities Division's jurisdiction over this matter and its authority to enter this order.

Based on the foregoing, NOW, THEREFORE, IT IS AGREED AND ORDERED that Respondents, their agents, employees, affiliates, and successors, shall each cease and desist from offering and/or selling securities in violation of RCW 21.20.140, the registration section of the Securities Act of Washington.

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1 It is further AGREED AND ORDERED that Respondents, their agents, employees, affiliates, and
2 successors, shall each cease and desist from violating RCW 21.20.010 of the Securities Act of Washington.

3 It is further AGREED that Respondents shall be jointly and severally liable for and shall pay the Securities
4 Division the amount of Two Thousand Dollars (\$2,000.00) for reimbursement of its costs of the investigation into this
5 matter. Said payment is to be made to the Division prior to the entry of this Order.

6 It is further AGREED AND ORDERED that offers and sales of securities under E- 23192 and E-24382 are
7 hereby revoked.

8 It is further AGREED that in consideration of the foregoing, Respondents each waive their right to
9 a hearing on this matter and to judicial review of this Order under RCW 21.20.440.

10 **AGREED ORDER CONCERNING FINES**

11 Based on the foregoing Findings of Fact and Conclusions of Law, the Securities Administrator finds that
12 Respondents Mark B. Beeksma and Erik R. Van Alstine have violated the Securities Act of Washington such that the
13 imposition of fines under RCW 21.20.395 is required. It is therefore AGREED AND ORDERED that Respondents
14 Mark B. Beeksma and Erik R. Van Alstine shall be jointly and severally liable for, and shall pay a fine in the amount
15 of Two Thousand Dollars (\$2,000.00). Said payment is to be made to the Division prior to the entry of this Order.

16 **AGREED ORDER CONCERNING AFFIRMATIVE RELIEF**

17 Based on the foregoing Findings of Fact and Conclusions of Law, the Securities Administrator finds that
18 affirmative relief under RCW 21.20.390 is required to correct conditions resulting from the practices relating to the
19 offer and/or sale of unregistered, registered, and/or exempt securities by Respondents. It is therefore AGREED AND
20 ORDERED that Respondents shall be jointly and severally liable for, and shall provide the following appropriate
21 affirmative relief:

22 **Notice to Signature Media Services, Inc. Investors**

23 Respondents shall, within thirty (30) days of the entry of this Order, send by certified mail a copy of this
24 Order to all past and present Signature Media Services, Inc. investors, including but not limited to the shareholders
25

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and promissory note buyers. Respondents shall provide the Securities Division with proof of mailing within sixty (60) days of the entry of this Order.

Notice to Great Life Network, Inc. Investors

Respondents shall, within thirty (30) days of the entry of this Order, send by certified mail a copy of this Order to all past and present Great Life Network, Inc. investors. Respondents shall provide the Securities Division with proof of mailing within sixty (60) days of the entry of this Order.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

SIGNED this 31 day of May, 2000.

Signed by:

Mark Beeksma
Mark Bradley Beeksma, individually and
as President of Signature Media Services, Inc.
and Great Life Network, Inc.

Approved as to form by:

C.B. Wells
Christopher B. Wells, Esq.
Lane Powell Spears Lubersky
Attorney for Mark B. Beeksma, Erik Van Alstine,
and Great Life Network, Inc.

Erik VanAlstine
Erik Robert Van Alstine, individually and
as C.E.O. of Signature Media Services, Inc.
and Great Life Network, Inc.

ENTERED this 12 day of June, 2000.


DEBORAH R. BORTNER
Securities Administrator

Approved by:

Michael E. Stevenson
Michael E. Stevenson
Chief of Enforcement

Presented by:

Anthony W. Carter
Anthony W. Carter
Securities Examiner

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